VENABLE LLP

advertising and marketing

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Honors and Awards

Top ranked in *Chambers USA* 2012

Don't Miss Venable at ERA D2C

Venable is proud to sponsor the Electronic Retailing Association's D2C Convention in Las Vegas. Please join our Venable attorneys as they present educational sessions at ERA D2C.

Recently, marketers and the FTC have waged pitched legal battles, often resulting in multi-million-dollar payouts. Join Venable partner **Jeffrey D. Knowles** to learn how and why aggressive enforcement is affecting marketers and suppliers during the "Driving Change in Electronic Retailing: Government Enforcement and Self-Regulation" panel on Tuesday, September 11 from 10:30 a.m. to 11:30 a.m. PDT.

Join Venable partner **Gregory J. Sater** to learn how to grow your brand via social media while mitigating legal and reputational risk. He will moderate a panel entitled "Riding the Social Media Roller Coaster" on Tuesday, September 11 from 1:30 p.m. to 2:30 p.m. PDT.

Venable is the sponsor of the Pre-Moxie Awards Gala Reception, held on Thursday, September 13 from 5:30 - 7:00 p.m. PDT. All Access Pass holders and guests of Venable are encouraged to attend and network with other marketers before the Moxie Awards Gala. Expo hall pass holders who want to attend should visit Venable's booth (#915) to be added to the guest list.

If you are attending ERA D2C and are interested in scheduling a conversation with a Venable attorney, please **click here** to send us an email.

News

FTC Publishes Guides for Mobile Application Makers

On September 5, the Federal Trade Commission (FTC) announced the publication of a guide intended to help mobile application developers comply with truth-in-advertising and basic privacy principles when creating and marketing mobile applications for smartphones and tablet computers. The publication, titled **"Marketing Your Mobile App: Get It Right from the Start,"** notes that there are general guidelines that all app developers should consider. Those guidelines include:

- Tell the truth about what the app can do;
- Disclose key information clearly and conspicuously;
- Build privacy considerations into the app from the beginning;
- Offer choices that are easy to find and use;
- Honor privacy promises;
- Protect childrens' privacy;
- Collect sensitive information only with affirmative consent; and
- Keep user data secure.

Click here to read the FTC's press release about the guides and to access a copy of the publication.

Decision in Louboutin Case is Black & White & Red All Over

Bloomberg reported in a September 5 story that the Second Circuit Court of Appeals ruled in the trademark dispute between luxury shoemaker Christian Louboutin Sarl (Louboutin) and Yves Saint Laurent America Inc. (YSL) over Louboutin's longstanding use of a distinctive "china red" sole on its women's shoes. Louboutin has sold the red-soled shoes, which can cost almost $4,000 a pair, since

Law Firm of the Year, National Advertising, *U.S. News and World Report*, 2011-2012

Top-Tier Firm *Legal 500*

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1992.

In 2011, a District Court judge rejected Louboutin's request for a preliminary injunction to prevent YSL from marketing a women's shoe in which the entire shoe was a shade of red similar to Louboutin's distinctive sole. Louboutin appealed the decision and on September 5, the Appeals Court ruled that the company's red sole is entitled to limited trademark protection. However, the court wrote in its decision that the protection only applies when the red sole contrasts with the color of the rest of the shoe. According to the Court, the YSL shoes, which are the same color all over, did not violate Louboutin's trademark rights. Accordingly, the Appeals Court affirmed the lower court's denial of the injunction and remanded the case to the trial judge.

"The district court's conclusion that a single color can never serve as a trademark in the fashion industry was based on an incorrect understanding of the doctrine of aesthetic functionality," Judge Jose Cabranes wrote in the September 5 decision. "We conclude that the trademark, as thus modified, is entitled to trademark protection."

Click here to read Bloomberg's coverage of the decision.

Click here to access a copy of the Second Circuit's decision in the case.

Analysis

Check Yourself Before You Wreck Yourself

Marketers bringing a product to market, especially the direct-to-consumer market, have a plethora of legal issues to consider. Venable partners **Jeffrey D. Knowles** and **Gregory J. Sater** write in the September issue of *Electronic Retailer* magazine that failing to consider those questions can quickly eliminate the profits of a successful campaign, and can even endanger a company's future. In the piece they provide a primer on the legal questions marketers and their legal counsel should discuss as they lay the groundwork for a direct response campaign.

Click here to read the column, which appears on page 64 of the magazine.

Warning Letters Show FTC Wants Window Claims Squeaky Clean

In mid-August, the FTC sent warning letters to 14 window manufacturers and one window glass manufacturer, write Venable partners **Amy Ralph Mudge** and **Randal M. Shaheen** in a recent post to Venable's advertising law blog, **www.allaboutadvertisinglaw.com**. The warning letters notified the manufacturers that during a review of the companies' websites, FTC attorneys found advertising claims similar to claims that were central to an enforcement action the FTC recently settled with five other marketers of replacement windows. In the warning letters, the companies were asked to review their marketing materials and identify for the FTC staff any claims they intend to remove or revise and when they intend to do so.

There are a number of things about the letters worth mentioning, write Mudge and Shaheen. First, the letters reiterate the FTC's findings that "up to" energy savings claims for windows are deceptive unless they specify an "up to" savings that all or almost all consumers are likely to realize (**click here** to read a prior blog post on this topic).

Second, they write, at least one letter was sent to a company that makes glass for windows but does not sell window products directly to consumers. The FTC warned the company that a number of window marketers were linking to or repeating energy savings claims that the glass manufacturer was making on its own website. The FTC also reminded all the companies who were sent letters that they can be liable for misleading claims they make directly to dealers and retailers and not just to consumers. This, Mudge and Shaheen say, serves as a good reminder that although the FTC most often deals with claims made

directly to consumers, the agency views its reach as extending more broadly.

And just like dessert, we've saved the potential good news for last. 15 USC 45 (m)(1)(B) provides that if the Commission issues a final cease and desist order (other than a consent order) against an act or practice, then the FTC can seek civil penalties against any company that engages in such act or practice with actual knowledge that it is unfair or deceptive even if the company was not a party to the order. In the past, the Commission has sometimes used recent consent orders to remind potentially similarly situated companies of their responsibilities under Section 5 and has referenced other litigated orders for the express purpose of putting the letter recipients on notice under 45 (m)(1)(B) that their failure to comply could subject the company to civil penalties. No such language appears in these most recent letters, perhaps because the Commission felt that it had no relevant litigated cease and desist orders. While there is little case law on this subject, at least one appellate court has held that any cited orders must involve an act or practice that is closely analogous to the act or practice for which civil penalties are being sought.

Click here to read the full post on Venable's advertising law blog, **www.allaboutadvertisinglaw.com**.

Cigarette Advertising Regulations Go Up in Smoke

On August 24, 2012, the D.C. Circuit struck down regulations promulgated by the Food and Drug Administration (FDA) under the Family Smoking Prevention and Tobacco Control Act which would have required cigarette packages to bear one of nine graphic images depicting the negative health consequences of smoking, writes Venable partner **Leonard L. Gordon** in a recent post to Venable's advertising law blog, **www.allaboutadvertisinglaw.com**. Because the D.C. Circuit's decision appears to be in conflict with a Sixth Circuit decision upholding that portion of the Act authorizing the FDA's rule making, Gordon writes, the matter may be headed for the Supreme Court.

The Act gave the FDA the authority to regulate the manufacture and sale of tobacco products, including cigarettes. The Act mandated, among other things, that cigarette packages and advertising bear one of nine new text warning statements plus graphic images and that the warning comprise the top 50% of the front and back of cigarette packaging and 20% of the area of each cigarette advertisement. Under the Act, the FDA was directed to issue regulations identifying the graphic components of the warnings.

The FDA conducted a rulemaking and issued the regulations on June 22, 2011. After the FDA finalized its rule, several tobacco companies filed suit asserting that the rule violated the First Amendment. The district court granted the companies' motion for a preliminary injunction and then their motion for summary judgment. The FDA appealed the summary judgment ruling.

In its decision the D.C. Circuit noted that while the FDA's desire to counter the $12 billion a year the tobacco industry spends in advertising was understandable, that desire did not trump the First Amendment.

Gordon writes that the conflicting approaches and opinions of the D.C. and Sixth Circuits (which are explained in detail in the blog post) may set the Act and the regulations up for review by the Supreme Court. The Court could skip the case based on the procedural difference between the D.C. Circuit's review of the rule versus the Sixth Circuit's adjudication of the facial challenge. However, Gordon writes, the Roberts Court has been active on First Amendment issues and the high-profile and conflicting opinions presented by this case make the matter ripe for review.

Click here to read Gordon's full post on Venable's advertising law blog, **www.allaboutadvertisinglaw.com**.

Upcoming Events

2012 Electronic Retailing Association D2C Convention - Las Vegas
September 11-13, 2012
Venable is a proud sponsor of the ERA D2C Convention. The ERA is the only trade association in the U.S. and internationally that represents leaders of the direct-to-consumer marketplace, which includes members that maximize revenues through direct-to-consumer marketing on television, online, mobile and on radio.

Please visit the attorneys of our **Advertising and Marketing Group** at booth #915. Venable is also the sponsor of the Pre-Moxie Awards Gala Reception.

New FTC Policy Shift on Monetary Remedies in Competition Cases: Practical Implications for Antitrust Law and FTC Enforcement (hosted by Law Seminars International)
September 12, 2012
1:00 - 2:00 p.m. EDT
Venable attorney **Robert P. Davis** will moderate this one-hour TeleBriefing. A distinguished panel of seasoned antitrust attorneys, including trial counsel from the FTC, will offer practical insights on what the July 2012 withdrawal of the Policy Statement on Monetary Equitable Remedies in Competition Cases means for the future application. Please **click here** for more information and registation. This program is eligible for CLE credit, and LSI is offering a discount of $25 off the regular registration rate. Please call (206) 567-4490 and mention Venable to adjust your rate.

Association of Corporate Counsel Annual Meeting - Orlando
September 30-October 3, 2012
Venable is pleased to support and sponsor the 2012 ACC Annual Meeting. We hope that you will join us at the educational sessions, where several of our attorneys will share their insights and recommendations, and at our show floor booth, #307. Venable is also the 2012 sponsor of the ACC IT, Privacy and E-Commerce Committee as well as the ACC Nonprofit Organizations Committee.

To view the program, please **click here**.

Advertising Self-Regulatory Council Annual Conferences - New York City
October 1-3, 2012
Please join Venable attorneys at this three-day meeting addressing advertising self-regulation. Venable partner **Amy Ralph Mudge** will speak at the Annual Conference of the National Advertising Division of the Council of Better Business Bureaus on October 1. The Children's Advertising Review Unit's Annual Conference will feature a presentation by Venable partner **Randal M. Shaheen** on October 3. Venable attorney **Jonathan L. Pompan** will address the Electronic Retailing Self-Regulation Program Summit on October 3.

For more information, please **click here**.

Click here to subscribe to Venable's Advertising and Marketing RSS feed and receive the Venable team's insight and analysis as soon as it is posted.

Visit Venable's advertising law blog at www.allaboutadvertisinglaw.com.

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